

COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
AVIATION SUBCOMMITTEE

AIRPORT SCREENER PRIVATIZATION PILOT PROGRAM
(PP5)
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TESTIMONY OF GERALD L. BERRY, PRESIDENT



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Committee on Transportation & Infrastructure Aviation Subcommittee Airport Screener Privatization Program (PP5)

Testimony of Gerald L. Berry, President
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Chairman Mica, Ranking Member DeFazio, Members of the Aviation Subcommittee – I would like to thank you for inviting me to participate in today’s hearing to discuss the results of the Airport Screener Privatization Program (PP5).

BACKGROUND

Covenant Aviation Security was awarded a contract as part of the Transportation Security Administration’s (TSA) Security Screening Pilot Program on October 10, 2002. We are currently providing both passenger and baggage screeners at San Francisco International Airport, a Category X airport, and Tupelo Regional Airport, a Category IV airport. Covenant was the only private contractor to be awarded more than one airport under the Privatization Pilot Program (PP5). I would like to point out the compressed time frame from contract award on October 10, 2002, until staffing all checkpoints on November 19, 2002, and providing fully trained screeners for checked baggage on January 1, 2003. Covenant Aviation was successful in meeting both of these federally mandated deadlines.

Covenant Aviation’s contract is a Cost Plus Award Fee contract. Actual costs are billed to the TSA monthly and the majority are paid by the TSA thirty days after being invoiced. There is no profit built into the actual costs. “Profit” is realized through a performance-based award fee. Certain normal costs of doing business, such as the cost of money (interest) accruing between the time payroll is paid and the time costs are reimbursed by the TSA are not billable to the government. These costs are paid for out of the award fee (i.e., award fee minus non-allowable expenses represent profit).

The award fee is determined by the TSA assessing Covenant’s performance based on a pre-established set of criteria. Areas assessed are: (1) Operations/ Technical Performance; (2) Management/Leadership Performance; (3) Cost/Contract Management; and (4) Human Resources Performance. Each area contains specifically defined metrics which the TSA uses to evaluate Covenant’s performance. The award fee is determined twice a year.

Covenant successfully deployed over 1,100 security screeners to all passenger checkpoints at San Francisco International Airport (SFO) and Tupelo Regional Airport (TUP) during the very brief 39-day transition period (October 10, 2002 – November 19, 2002). Additionally, Covenant staffed all baggage checkpoints by January 1, 2003 for a total of 1,453 screeners hired, trained and deployed within the TSA-mandated timelines.



The Covenant team offers extensive experience in airport operations, security and personnel management capable of providing the Government cost effective and value added solutions. Our company mission states our commitment to provide dedicated aviation security services for the safe and efficient movement of people and cargo within the United States and its territories. One benefit Covenant has capitalized on is the dedication and support we have received from the Airport Directors, Mr. John Martin of San Francisco and Mr. Terry Anderson of Tupelo. In addition, our collaborative relationships with the Federal Security Directors' in San Francisco, Mr. Ed Gomez and Mr. Larry Rowett in Jackson, Mississippi have enabled us to provide exceptional service and is a contributing factor in successfully maintaining the mission focus. The "Team SFO" and "Team TUP" concept represents the joint efforts of Airport Management, the Federal Security Director including their staffs and Covenant. These relationships were built over time and a result of Covenant consistently demonstrating the ability to overcome challenges and supporting the TSA and its mission.

CHALLENGES AND IMPLEMENTED SOLUTIONS

Due to the fact the two airports we service are distinctly different (Category X and Category IV) they bring individualized operational issues to the table. I will begin by discussing solutions we implemented in San Francisco followed by the actions taken in Tupelo.

SAN FRANCISCO INTERNATIONAL AIRPORT

Staffing

The current staffing level in San Francisco is 1,085 full time employees. The TSA authorized staffing level is 1,229. Covenant teamed with the FSD, Mr. Gomez and his staff, determined the required hours of operation by incorporating information collected on passenger throughput and passenger waiting time in order to "right-size" the screener workforce. Covenant has been successful in reducing the number of employees without jeopardizing the level of security, customer service levels or experiencing an increase in wait times.

In July 2003, we began recruiting for the addition of part-time employees. This milestone was significant in terms of Covenant achieving its goal of having a balanced full-time/part-time workforce. We currently have 143 part-time employees which provides Covenant the flexibility to schedule those individuals where needed in order to meet the demand. To my knowledge, we were the first airport to establish a part-time workforce.



Screening Control Center

The FSD, Airport Director and Covenant recognized the need for a Command and Control center for the entire airport. Due to the dispersed locations of the checkpoints and three separate terminals it became apparent for a communication system that provided a link to the TSA, airport staff and law enforcement officials.

The Screening Control Center (SCC) concept of Command and Control was developed with the TSA SFO Executive Team and the SFO Airport Commission to provide a centralized resource to improve operating efficiencies of the screening workforce. The SCC is located in the Airport Communications Center and includes a Closed Circuit Television system (CCTV). The SCC is manned 24/7 in order to constantly monitor the operation of SFO's 39 checkpoint lanes and the queuing passengers at checkpoints.

A major function of the SCC operators is to move screeners to checkpoint/ baggage workstations during 'off-peak' hours to work in locations where additional screeners are needed. Additionally, the SCC takes calls reporting out-of-service Government Furnished Equipment (GFE) and oversees the dispatch of Siemens, Boeing and InVision technicians decreasing the downtime of essential screening equipment.

Wireless Connectivity

Covenant recognized that there was not an avenue to disseminate critical information to the checkpoints in a timely manner. Again a communication system was necessary to link the checkpoints with the TSA and airport staff.

Covenant, in conjunction with the TSA, has successfully deployed a laptop computer and printer to each checkpoint workstation. The SCC can download information to a laptop such as information on current training issues, airport operations and any planned VIP traffic. The laptops also contain special software that allows video to be transferred to assist in incident management. In addition, supervisors now have readily available information regarding screener schedules, attendance records and payroll information which aides in the communication with our employees.

Uniform Service Center

Several issues led to the creation of the Uniform Service Center (USC). Covenant along with the TSA, believes that appearance of the workforce is important. Covenant wanted to present a professional image to the traveling public and the current system in place was not user friendly. Employees were required to visit our administrative office, off airport property, to pick up their uniforms or have adjustments made, and the laundry service only picked up and delivered a few times a week.



The Uniform Service Center (USC) has established a centralized distribution point for all uniform needs & provides the screener with one-stop shopping at the airport including:

- Uniform initial issue
- Laundry services
- Uniform alterations
- Embroidery
- Patches
- Uniform repair
- Uniform replacement
- Uniform exchange
- Name tag issuance & replacement
- Shoe issuance & replacement
- Uniform storage

Safety, On-the-job injuries (OJI) & Workers Compensation Claims

Covenant, along with most airports, was experiencing a high number of Worker's Compensation Claims that resulted in significant amounts of money being paid out in claims. Covenant has taken steps to aggressively manage this issue. In early 2003, Covenant management initiated both a part-time screener job classification and a return-to-work program for screeners who have been injured while performing their screener duties. Although they cannot return to full-time employment, they are available to work in a restricted duty capacity (jobs assigned by medical restrictions). Covenant, with FSD approval, has hired a Workers Compensation Specialist to review claims for cost containment and who manages the return-to-work program.

Covenant introduced a new labor category, **Baggage Handler**, into its operation in June 2003. A Baggage Handler would be assigned only to move and place baggage on the various screening systems in the baggage makeup areas and would not perform any of the screening functions. Since the addition of this position we have seen a significant reduction in the number and dollar value of Workers Compensation claims. Based on the success we had in the baggage makeup areas we decided to add Baggage Handlers to the checkpoints which allows the screeners to remain focused on their primary duty of thoroughly inspecting all baggage and parcels.

Attendance Control Center (ACC)

Covenant's absentee rates were fluctuating on a monthly basis and at one point went as high as 14.7%. The Covenant management team along with the guidance of the FSD, Mr. Gomez, knew we needed to get this issue under control. In May 2003, Covenant opened the Attendance Control Center and our absentee rate began to decrease almost immediately. In March 2004 our absentee rate was 3.6%.

The ACC is an innovation that provides a center of communication on current staffing levels at all checkpoints. The ACC works in conjunction with the SCC by reporting actual numbers of personnel at the start of each shift and compares them to the established schedule. The SCC in turn can efficiently reassign personnel to ensure that screening operations are maintained by staffing the areas most critical to operational continuity.



Of particular note, Absent-Without-Leave (AWOL) has been significantly reduced due to management actions taken by Covenant in administering the Attendance and Disciplinary policies. The ACC assists in reviewing and addressing employee attendance performance through counseling or disciplining as appropriate. Having one central location performing this function ensures that applications of discipline for attendance infractions are consistent across all terminal checkpoint and baggage operations.

Assessment

Covenant recognized the staffing deficiency occurring nationwide. In addition, Covenant could foresee the problems that would occur while waiting, possibly six months, for TSA's subcontractor, CPS to arrive and perform the assessments. During those six months, service levels would be compromised along with rising costs if the usage of overtime hours increased.

With the assistance of the FSD, Covenant has developed a proven approach that was first demonstrated with the hiring of Baggage Handlers. Since then Covenant has conducted several assessments for the recruitment of part-time and full-time passenger and baggage screeners for San Francisco International Airport. The method is a phased approach including three phases (1) recruitment, (2) pre-screening and (3) assessment. Covenant is responsible for the recruitment and pre-screening part of the process. The percentage of candidates who will successfully meet the full assessment criteria is increased by validating minimum qualification criteria early in the selection process. Pre-screening candidates provides cost-efficient methodologies for ensuring expenses are not incurred for assessing unqualified candidates. In addition, Covenant uses actual screeners to assist in panel interviews with candidates so that operational experience is brought to bear in assessing potential employees.

Again, to my knowledge, Covenant is the only private contractor performing the recruiting and pre-screening involved with the assessment process.

Training

The airport screening environment presents multiple challenges to any training program due in large part to its 24/7 operation and large number of screeners who work various shifts, days of the week, and terminals, yet still must receive the same consistent information and direction that greatly impact security and passenger safety.

Covenant developed a Training Academy that includes an onsite computer learning lab that serves as the "hub" of all training and certification activities. The lab consists of 55 stand-alone PC computers equipped with CD-ROM and headset. Initially, the computers were used primarily for image recognition training—three hours per week. Now screeners have a library of CD-ROMs to choose from that include hidden weapons, screening of footwear, hand-wanding, full body pat down review, back injury prevention, harassment-free workplace, and Hazmat guidelines. In addition, operational equipment can be dispatched to the lab for hands-on training



related to operational testing and weekly/monthly maintenance procedures. The Computer Learning Lab has become an integral part of the screener's daily activities—right along side the screening of passengers and checked baggage.

Human Resources

Covenant recognizes the problems federally run airports are experiencing in terms of human resource functions. At times these processes are very confusing and time consuming due to the excessive layers involved in the TSA process.

Covenant realizes the importance of communicating information regarding benefits, policies, and resources available to our employees to maintain positive employee morale. By having a local human resource department Covenant is able to service the employees better. For example, Covenant has the flexibility to promote individuals based on performance and on the other hand can remove an individual from a position if required. Covenant can handle simple matters such as a pay discrepancy the same day. The flexibility has allowed us to implement such employee programs as an Employee Assistance Center, Employee Relations Management system, recognition programs and alternative work schedules without waiting for approval from TSA headquarters.

Having Covenant provide human resource functions allow the FSD to focus on his main objective – security, rather than trying to resolve personnel issues.

SFO Conclusion

The FSD oversight and partnership we've developed has played a major role in the successful operation at the SFO airport. The FSD, Mr. Gomez and his staff require Covenant to justify/explain the following metrics on a weekly basis: overtime, attendance, OJI's, attrition and wait times for passengers. Recent statistics show that SFO metrics surpass other Category X airports in the Western Area in the areas of attendance, overtime and attrition. The guiding principle for Covenant management is "If we cannot measure it, we cannot manage it."



TUPELO REGIONAL AIRPORT

An advantage of Covenant being awarded multiple airports is the ability to pool our resources. Many of our “best business practices” established in SFO are transferred over to Tupelo where applicable.

Staffing/Scheduling

Covenant has implemented ten hour shifts so that employees can receive three consecutive days off assisting in maintaining positive employee morale. Again the flexibility of being a private contractor allowed Covenant to execute this change without prior approval from TSA headquarters. Voluntary attrition is zero percent and they experience minimal use of the sick leave benefit.

Training

The manager in Tupelo works directly with the Director of Training in San Francisco to incorporate new training techniques that have proven to be successful. Training hours have increased for each screener to include four hours per week of imaging training and eight hours of Standard of Performance training. Covenant now includes a debriefing during shift change to disseminate information on current training issues and airport operations. The employees also participate in role playing or practical training exercises in which they perform all screening functions with another screener and receive feedback on their performance.

Employee Relations

In order to promote a team environment schedules will rotate so that employees get the opportunity to work with all of the screeners on staff. The two supervisors also rotate allowing them the opportunity to work with each screener and the ability to evaluate all employees. Evaluations are performed quarterly to keep employees fully aware of Covenant’s expectations.

Tupelo Conclusion

The Tupelo Airport Director, Mr. Terry Anderson and the Jackson, Mississippi FSD, Mr. Larry Rowett, have also been instrumental in the success Covenant has experienced.



FUTURE

Covenant Aviation is constantly striving to enhance our operational efficiency. We conduct research on new technologies that are better suited for our needs. Currently we are evaluating a new scheduling tool, Ascent, to maximize our scheduling efficiencies, and a Computer-Based Training program, SIMFOX, which should upgrade the training experience for our personnel. Covenant has adopted the motto “Continuous Improvement.”

CONCLUSION

The success stories that come out of San Francisco and Tupelo are a direct result of the team environment developed among the Airport Directors, Mr. John Martin and Mr. Terry Anderson and their staffs, the local FSD’s, Mr. Ed Gomez and Mr. Larry Rowett and their staffs and Covenant Aviation Security. Covenant’s local TSA staff has provided precision guidance through weekly metrics meetings to facilitate our success with control of overtime, attendance, attrition and cost.

I strongly believe in an environment where the regulator is separate from the provider. Based on that statement Covenant would like to make a few recommendations that helped us become successful in San Francisco and Tupelo. Local control over assessment and training must occur. We are in favor of adhering to policies and standards put into place by the TSA, but TSA headquarters cannot be intimately familiar with the needs of 489 airports.

Covenant would like the contract type to remain as a Cost Plus Award Fee contract. This method of contracting provides a cost savings to the government due to the criteria established in determining a contractor’s award fee. Our performance is our report card and our profit. If Covenant does not perform, we can be fired.

Mr. Chairman, I would like to thank you for holding this hearing and for the attention you are giving to the Airport Screener Privatization Pilot Program. I would be glad to answer any questions.